

THE STATE OF NEW HAMPSHIRE
before the
PUBLIC UTILITIES COMMISSION

ELECTRIC RENEWABLE PORTFOLIO STANDARD

Adjustments to Renewable Portfolio Class Requirements
Docket No. DE 14-104

COMMENTS OF PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

A. INTRODUCTION

On April 24, 2014, the Commission issued an order of notice indicating its intention to open a proceeding to review possible adjustments to the minimum requirements to procure Renewable Energy Certificates (“RECs”) under RSA Chapter 362-F. The Commission scheduled a Public Statement Hearing in the docket for May 1, 2014. PSNH, and others, appeared and provided oral comments on the issues noticed by the Commission. At that session, the Commission stated that it would accept written comments on the same topics by May 8, 2014. In this submission, PSNH provides further comments as requested by the Commission.

B. REC REQUIREMENTS

According to its April 24, 2014 order of notice in DE 14-104, the Commission sought to gather information on the reasonably expected potential annual output of available Class III eligible sources, given the demand for Class III RECs in other New England states. This information would be used by the Commission to consider adjustments to the Class III requirements for 2013, 2014 and 2015. The Commission also “determined that it may be appropriate to modify the incremental increase in Class I REC requirements” and, thus, sought input from interested parties on the availability of Class I RECs. Finally, the Commission stated that it “welcomes comments on RPS requirements for Class II and Class IV”.

In its comments at the public session on May 1, 2014, PSNH stated a willingness to assist the Commission with gathering the facts surrounding these issues and described the current difficulty in obtaining RECs for all classes. Below, PSNH provides further comments and elaborates on some of the issues discussed at the public session.

PSNH uses a number of approaches to procure RECs, including the issuance of Requests for Proposals (“RFP”), interactions with REC brokers and marketers, and direct contact with REC suppliers. Recent experience with these procurement methods indicates the following for the 2013 and 2014 compliance years for PSNH.

Class I

To date, a large portion of PSNH’s 2013 compliance obligation remains to be procured. PSNH received no Class I offers in its two most recent RFPs (issued February and May, 2014).

PSNH will continue to seek RECs via brokers and suppliers until the transaction deadline of June 15, 2014. Based upon its experience, PSNH anticipates that through these solicitations it will not receive sufficient Class I RECs to meet its 2013 compliance obligation. Regarding 2014 and 2015, PSNH anticipates fully meeting its obligation using RECs from the Burgess Biopower PPA (*see* Docket No. DE 10-195) and other sources.

Class II

PSNH issued an RFP in October 2013 seeking 5,000 Class II RECs in each of years 2013 and 2014. There were zero RECs offered as a result of that RFP. An RFP issued in February 2014 yielded zero offers for 2013 vintage certificates. A single supplier did offer a small quantity of 2014 vintage certificates, but the offered prices were nearly twice the 2014 Alternative Compliance Payment (“ACP”) price of \$55.37 per REC. An RFP issued on May 1, 2014, yielded zero offers for 2013 or 2014 vintage certificates. PSNH anticipates that it will be required to meet a significant portion of its 2013 requirement for Class II RECs by paying the ACP.

Class III

Despite a number of RFPs and frequent contact with brokers and marketers, PSNH has yet to procure a single Class III certificate towards either 2013 or 2014 compliance. The most recent RFP, issued May 1, 2014, requested volumes of 60,000 RECs for 2013 and 120,000 RECs for 2014, and received zero offers.

Class IV

In both of the most recently concluded RFPs, PSNH received significant Class IV offers. PSNH has procured over 55% of its 2013 Class IV REC obligation and continues to make progress towards full compliance. Regarding 2014, PSNH is currently short approximately 50,000 RECs, representing over 90% of its requirement. PSNH will continue to issue periodic RFPs and anticipates being able to procure a significant portion of its Class IV obligation for 2013 and 2014.

C. Conclusion

Based upon the above issues, PSNH would support an amendment of the 2013 REC obligations in all classes, but particularly in Classes I, II and III. The nature of the marketplace for these RECs has made it difficult to obtain RECs at or below the present ACP level in New Hampshire. Similar to its comments made in Docket No. DE 13-021, PSNH remains concerned with large ACP payments, and encourages the Commission to review PSNH’s prior comments and the concerns expressed therein.